



Coping with the Economic Slowdown: Say 'No' to anorexic strategies

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All indicators are confirming the fact that we are now in a new business cycle where the idea of an economic slowdown seems to be taking hold, to a greater or lesser degree depending on the source and their interests. We are also witnessing the initial 'strategic' solutions to this scenario.

I must confess that I am concerned by some early reactions, as it appears that we are returning to prescriptions from days gone by, prescriptions that have proven themselves incapable of aiding organizations to adapt to the ups and downs of the situation. We are again bearing witness to anti-recession plans which are in essence 'anorexic', and which intend to trim the fat of an organization in order to favour its ability to react to changes.

The financial institutions affected by the mortgage crisis have reacted by indiscriminately cutting jobs. Builders and property developers have made similar announcements. Do exorbitant salaries have to be paid to a large number of executives so that they can make the same decisions a first year Business Administration student would make? Is that the only value we can contribute to the organizations in which we work?

However, the destruction of quality employment is not the only expected stellar measure of innovation. It usually goes hand in hand with cutbacks in training 'expenses' in organizations, and a gearing down of research and development projects, among other decisions affecting the future – until times are better – owing to a lack of strategic commitment to the future.

My personal stance on how organizations should respond to this new scenario is quite the opposite. In my view, it is the time to boost the processes of company transformation. Along with other measures, it is the time to consolidate projects, to generate initiatives and to prepare for the future, naturally without forgetting the present.

I believe that this impending new scenario ought to be viewed by companies as an opportunity for their future positioning. We must not cut back talent in our organizations, but rather seek out formulae to adequately deal with this temporary situation, and to develop sources of advantage for a competitive future.

Let's take the opportunity to inject human capital and improve people's capabilities in our organization. Let's take this opportunity to break into new geographical markets which are affected differently by this economic slowdown. Let's seek out new ways of competing which would allow our organizations to continue to grow. Let's build closer ties with our clients. Let's boost our organization's technological and innovative capabilities, to name but a few possibilities.

In my opinion, if we avail ourselves of what is coldly called a 'threat', and transform it into a window of opportunities, we will be capable of gaining competitive ground, since the vast majority of our competitors will unfortunately opt for anorexic strategies.



Despite frequent talk of corporate social responsibility, often motivated by a discourse of demagoguery and of improving the organization's public image, we entrepreneurs and executives need to bear in mind that a company's prime responsibility is to develop a sustainable long-term business project. This project would be the setting within which the capabilities of our organization's people would be developed, as well as provide the right products and services to clients.

I feel it is important to recall this basic tenet of social corporate responsibility at this time of slowdown in economic growth so as not to fall into the temptation of decapitalizing our organizations. We need to be fully aware that such a move would cause talent to leave and never return to our organizations.

I would encourage entrepreneurs and executives to look at this slowdown through a new lens, and not from the point of view of outdated prescriptions. Let's ensure that all our talk and praxis on innovation, the importance of people and improving competitiveness, prevail in this turbulent environment.